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August 25, 2020

VIA ELECTRONIC MAIL

Shonda D. Green, Secretary
Department of Telecommunications and Cable
Commonwealth of Massachusetts
1000 Washington Street, Suite 600
Boston, MA 02118-6500

RE: CoxCom, LLC d/b/a Cox Communications New England, D.T.C. 19-6
Responses to Department's First Set of Information Requests

Dear Secretary Green:

On behalf of CoxCom, LLC d/b/a Cox Communications New England ("Company"), attached for filing are the Company's responses to the Department of Telecommunications and Cable's First Set of Information Requests.

Please contact me should you have any questions regarding this filing. Thank you for your attention to this matter.

Sincerely,

BROWN RUDNICK LLP

A handwritten signature in black ink, appearing to read "Jesse S. Reyes".

Jesse S. Reyes

Encl.

cc: William Bendetson, Hearing Officer
D.T.C. 19-6 Service List

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Information Request DTC-1-1

Please confirm that Cox aggregated its costs at the same reporting level (i.e., local, regional, or national) as it did in its previous Form 1205.

Response

Yes, Cox aggregated its costs at the same reporting level (i.e., the New England System level) as it did in its previous Form 1205.

Information Request DTC-1-2

The Department notes a change in Cox's corporate status, from C-Corporation to Limited Liability Company (LLC). Please describe what impact, if any, this change has had on the company's gross rate of return.

Response

The internal reorganization that resulted in the change of Cox's corporate status from a C-Corporation to an LLC had no impact on the Company's gross rate of return on FCC Form 1205. The Gross-Up Rate on Line G7 of Schedule A (and therefore the Line H Grossed-Up Rate of Return) is identical in this case regardless of corporate status because the formulas in Line G7 for C-Corps and for other entities results in the same gross rate of return.

Information Request DTC-1-3

Please explain the changes in deferred taxes for capital costs found in Schedule A and Schedule C for vehicles, tools, remotes, addressable boxes, cable cards, and DTAs, as compared to Cox's previous Form 1205.

Response

The changes in deferred taxes for capital costs found in Schedule A and Schedule C compared to Cox's previous Form 1205 are due to the following factors:

1. An increase in the Equipment and Installation percentage ("E&I%") (*see* Response to DTC 1-4). This caused an increase in the Gross Book Values of Vehicles and Tools, for example, and a commensurate increase in associated Deferred Taxes despite the overall decrease in tax rates explained below. Deferred taxes are a deduction from gross book values, and increases in deferred taxes therefore generally result in reductions to the net book values recovered through subscriber equipment and installation rates;
2. A reduction in Cox's federal tax rate from the 35% reported in the previous Form 1205 to 21%, which resulted from the federal Tax Cut and Jobs Act ("TCJA") (including state taxes, Cox's Net Total Income Tax Rate was reduced from 39.55% to 26.53%). This caused a decrease in deferred taxes for Addressable Boxes because, unlike vehicles and tools, 100% of Addressable Boxes are categorized as regulated and therefore are not subject to the E&I%; and
3. The absence of new purchases for CableCards and DTAs resulted in reduced Net Book Values and reduced associated deferred taxes. The number of CableCards in service declined from 1,809 to 1,558, and the number of DTAs in service declined from 342,202 to 270,487.

Information Request DTC-1-4

For Vehicles (Schedule A), please explain the increase in Gross Book Value, as compared to Cox's previous Form 1205.

Response

As Cox explained in its response to Information Request DTC-1-2 in Docket D.T.C. 19-3, Cox's Gross Book Value for Vehicles in Schedule A includes only the portion of these assets that are used for regulated customer equipment and installations. In order to allocate that amount from its general ledger, Cox applies an Equipment and Installation percentage ("E&I%"), which is calculated by dividing Total In-House Regulated Hours for all regulated departments by Total In-House Productive Hours.

In the preparation of the Form 1205 in this docket, Cox discovered that while the amount of regulated hours that Cox presented in Docket D.T.C. 19-3 were correct, the calculation of the E&I% in the previous Form 1205 inadvertently used an understated number of regulated hours for that period, 46,396 hours rather than 67,687 hours, which resulted in an understated E&I% for the period. As a result, the Gross Book Value for Vehicles in Schedule A in the previous Form 1205 was understated.

Information Request DTC-1-5

For Tools (Schedule A), please explain the increase in Gross Book Value, as compared to Cox's previous Form 1205.

Response

The Gross Book Value for Tools (Schedule A) in the previous Form 1205 was understated due to an error in applying the regulated hours in the E&I% to derive the allocated value. *See* Response to Information Request DTC-1-4.

Information Request DTC-1-6

Please explain the increases in Annual Operating Expenses (Schedule B) for each of the following categories:

- a) Salaries & Benefits
- b) Utilities
- c) “Other 1” (Auto Operating, Outside Labor)
- d) “Other 2” (CPE R&M and Communications Expense).

Response

See Response to Information Request DTC-1-4. Cox used a similar process to calculate Annual Operating Expenses in Schedule B. These allocated expenses similarly were understated in the previous Form 1205 due to an error in applying the regulated hours in the E&I% to derive the allocated values.

Information Request DTC-1-7

For Remotes (Schedule C), please explain why the number of maintenance hours remained the same, as compared to Cox's previous Form 1205, despite a 9% decrease in the number of total units in service.

Response

The 8.98% decrease in the total number of units for Remotes in Schedule C compared to Cox's previous Form 1205 was due to the disposal of older, obsolete units to which no Service Hours were devoted. Maintenance hours therefore remained effectively the same despite the decrease in total units in service.

Information Request DTC-1-8

For Step A of the Worksheet for Calculating Permitted Equipment and Installation Charges, please explain why Total Capital Costs (Line 1) increased by 38% compared to Cox's previous Form 1205, while Total Labor Hours (Line 6) stayed the same.

Response

Step A, Line 1 (Total Capital Costs of Installation and Maintenance [Schedule A, Box 1]) of the Worksheet for Calculating Permitted Equipment and Installation Charges in Cox's previous Form 1205 was **\$235,623.0421** compared to **\$224,601.804** in the Form 1205 under review. This represents a decrease of 4.7% rather than an increase of 38%. The fact that Total Labor Hours (Line 6) remained approximately the same reflects normal, relatively minimal fluctuations between capital costs and labor hours.

Information Request DTC-1-9

Given that Cox filed its Form 1205 on December 16, 2019, please explain why Cox chose to implement its proposed rates on March 16, 2020.

Response

In connection with Cox's decisions to change its annual filing date for FCC Forms 1240 and 1205 and to forego all service, equipment, and installation rate increases until at least March 16, 2021, Cox requested that the Department waive Section 76.923(n)(3) of the FCC's rules and thereby allow Cox to implement reductions in its installation and equipment rates on March 16, 2020 rather than waiting until June 5, 2020 (as the FCC's rules otherwise would have required). Cox explained the reasons underlying its decision in detail in the letters, dated December 12, 2019 and December 16, 2019, that accompanied the filing of its Form 1205 on December 16, 2019.¹ As Cox observed at the time, its customers in Holland, Massachusetts would be (and were) the primary beneficiaries of the waiver.

¹ See letters, dated December 12, 2019 and December 16, 2019 to Ms. Shonda Green (Massachusetts Department of Telecommunications and Cable) from Gary S. Lutzker (Counsel for CoxCom, LLC d/b/a Cox Communications).

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND CABLE**

CoxCom, LLC d/b/a Cox Communications New England))))	Docket No. 19-6
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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing documents upon all persons in the service list compiled by the Secretary of the Department in this proceeding and all parties of record in accordance with the requirements of 207 CMR 1.05(1) (Department's Procedural Rules).

Dated at Boston, Massachusetts, this 25th day of August 2020.



Jesse S. Reyes